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SUBJECT: SCENESETTER FOR ANGELA MERKEL IN WASHINGTON: GOALS
FOR EUROPE, GOALS AT HOME

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Classified By: DCM John Koenig. Reason: 1.4(b) and (d)

11. (C) Summary. Angela Merkel arrives in Washington in an enviable position of political strength, both at home and in the EU. However, she is conscious that her strength derives largely from the weakness of her counterparts and other factors beyond her control. Achieving her goals for the EU - in the trans-Atlantic context these are focused on climate change and the Transatlantic Economic Initiative - will reinforce her position at home and in the EU, and serve as a springboard to success on the larger G-8 stage. A success for Merkel is also a success for the U.S. Even after the German EU Presidency, we will want the Atlanticist Merkel to remain a dominant force within the EU. In Berlin, a successful summit will strengthen her and other trans-Atlanticists against those who favor a policy of vocal, public antagonism. End Summary.

Leading in the EU; Muddling Through at Home

12. (C) Angela Merkel's role as Germany's and Europe's leader is undisputed. No other leader of a large member state is politically fit enough to offer himself up as a leader. Her leadership of the G-8 and Germany's intrinsic weight and economic recovery are further boosts. At home, Merkel is not only riding high in opinion polls (70 percent popularity rating) and enjoying the benefits of leadership at a time of long-sought economic growth, but has also wrong-footed her coalition partner Social Democrats with reformist domestic social policies. However, in both cases her apparent strength is not entirely of her own making, but derives in large part from her office, the weakness of her counterparts, or from other factors beyond her control. She took the helm of the EU at a time when progress on the European project had largely come to a halt, when European institutions were unsure of how or in which direction to move, and (as noted) no alternative leaders were present. In Berlin, her coalition partner and rival, the Social Democrats (SPD), are dealing with weak leadership, a vacuum of ideas, and a challenge from the left.

13. (C) Merkel has responded to these similar circumstances with quite different tactics. In the EU, she has asserted German and her personal leadership over the Council Secretariat, especially with respect to her goal of

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developing a road map for furthering the EU constitution. She has sidelined Brussels by putting her own representatives on the road to discuss the constitution in other capitals and has weighed in personally as needed to find compromises that keep the constitutional project moving forward. Likewise, she has vigorously pursued the Transatlantic Economic

Initiative within the EU to remove regulatory barriers, and has pushed for agreement on the new EU climate change and energy initiatives. She has not succeeded in all her undertakings -- prospects for a new EU Partnership and Cooperation Agreement with Russia remain distant, for example. Still, the view that we hear from Brussels is of vigorous and effective leadership. In Berlin, Merkel is known for her reticence to engage in aggressive politics, preferring to stay in the background until the "correlation of forces" is clear and then engaging to nudge the debate in her preferred direction. Though the SPD is weak, Merkel has been reluctant to push it hard. Her strategy appears to be aimed at building and consolidating her own and her party's dominance with a view toward a clear victory in 2009 elections, rather than attempting to score victories now that could alienate significant voter groups.

Washington: What's In It for Merkel

14. (C) We sum up Merkel's goal for the U.S.-EU Summit as being to achieve substantive progress in the U.S.-EU relationship for its own sake and to build a lasting foundation for her leadership in the EU and in Germany. The substantive agenda is clear and we need not explore it in detail here. It is focused on our political cooperation in key areas - climate change and energy security as well as the Transatlantic Economic Initiative. We recognize that in these and other areas, European goals are not exactly aligned with our own. Nonetheless, success in these areas, the former a key concern of European publics and the latter important to sustaining European growth, after a long period in which trans-Atlantic relations were dominated by negative headlines and exchanges focused on other regions, would prove Merkel's particular competence at succeeding in Europe's key external relationship. After success in Washington, Merkel

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can count on maintaining her position in Europe against any incoming French President and UK Prime Minister-in-waiting Brown. Success in Washington will also strengthen her hand in the follow-on summits with Russia, Canada, and Japan and sets the stage for success in G-8 summit deliberations on climate change.

15. (C) At home, a Summit success may enable Merkel to end the SPD's ability to use loud, public "principled" criticism of the U.S. as a winning tactic. Gerhard Schroeder won the 2002 election with his public attacks on U.S. Iraq policy, but if Merkel brings home meaningful agreements -- especially on issues with domestic resonance such as climate change and trans-Atlantic economic cooperation -- she will have shown the German public that her policy of constructive engagement with the U.S. brings real benefits on issues of concern to it. Foreign policy, especially trans-Atlantic relations, is one of the few areas where the SPD still enjoys greater public support than does the CDU/CSU. Success in Washington may undercut the SPD on that theme, as the CDU/CSU has already undercut it on many domestic social themes.

A Note on Style

16. (C) Merkel is pushing for a Summit that is more than a predictable set-piece, quickly forgotten. She looks for real decisions to be made during the Summit discussions. This does more than just ensure that she has something important to do. It emphasizes her personal commitment to restoring European-American relations and her belief in face-to-face engagement. We recognize the difficulty of organizing discussions in this format, but believe we too stand to gain by such an approach.

What's In This for Washington

17. (C) Post has previously reported on Merkel's risk-averse approach to foreign policy. We do not expect her to change her leadership style because of success in Washington. The real benefits for the U.S. lie in how success will affect the public understanding of how Germany can best build a relationship with Washington and its view of the U.S., the changing of which is a frequent theme in conversations with German leaders and thinkers. A successful Summit will also reinforce our message that the U.S. and EU are natural partners, closely bound by common interests. As a cautious conservative in a difficult coalition, Merkel will not run great risks for the U.S. But, if she can show the public that cooperation with the U.S. works, the effect will be to cut the risk she runs by cooperating with the U.S. It is a more complex path to a closer and more effective relationship than we would perhaps like, but our observation of Merkel and our conversations with her advisors lead us to see it as the best path available.

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